

FISCAL NOTE

SB 129 – HB 736

February 14, 2007

SUMMARY OF BILL: Increases the gasoline tax from 20 cents to 22 cents per gallon, and increases the diesel tax from 17 cents to 19 cents per gallon, effective July 1, 2007. Apportions increased tax revenue to the various counties and municipalities of the state.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant – One-Time

Increase Local Govt. Revenues - \$81,813,000

Assumptions:

- 66.67% of the incremental gas and diesel tax revenue shall be apportioned as follows: 50% equally distributed to the 95 counties; 50% of the remainder to the 95 counties based on area; the other 50% remainder to the 95 counties based on population per the most recent federal census.
- 33.33% of the incremental gas and diesel tax revenue shall be apportioned as follows: 50% equally distributed to the municipalities of the state; 50% of the remainder to the municipalities of the state based on area; the other 50% remainder to the municipalities of the state based on population per the most recent federal census.
- Municipality means any incorporated city or incorporated town charged with the duty of constructing and maintaining streets within its corporate boundaries.
- Gasoline tax collections in FY05-06 were approximately \$605,598,900.
- The current state gas tax is 20 cents per gallon.
- Number of gas gallons used in FY05-06 is estimated to be 3,027,994,500 ($\$605,598,900 \div \$0.20 \text{ tax} = 3,027,994,500 \text{ gallons}$).
- Quantity demanded for gas remains constant.
- Increasing the gas tax by 2 cents is estimated to generate approximately \$60,560,000 in new tax revenue each year ($3,027,994,500 \text{ gallons} \times \$0.02 \text{ tax increase} = \$60,559,890$).
- Diesel tax collections in FY05-06 were approximately \$180,653,200.
- The current diesel tax is 17 cents per gallon.

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- Number of diesel gallons used in FY05-06 is estimated to be 1,062,665,882 ($\$180,653,200 \div \$0.17 \text{ tax} = 1,062,665,882$).
- Quantity demanded for diesel fuel remains constant.
- Increasing the diesel tax by 2 cents is estimated to generate approximately \$21,253,000 in new tax revenue each year ($1,062,665,882 \text{ gallons} \times \$0.02 \text{ tax increase} = \$21,253,318$).
- The recurring increase to local government revenues is estimated to be \$81,813,000 ($\$60,560,000 \text{ from gas} + \$21,253,000 \text{ from diesel} = \$81,813,000$).
- The one-time increase to state expenditures for computer and software enhancements is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director